



**Morning Energy, powered by America's Natural Gas Alliance: Obama goes for gold on energy agenda - Interior, industry groups get heated - Murkowski aide resigns over federal violation - Feds investigate eagle kills at wind farm**  
POLITICO Pro Energy to: Arvin Ganesan

08/03/2011 06:00 AM

From: POLITICO Pro Energy <morningenergy@politicopro.com>  
To: Arvin Ganesan/DC/USEPA/US@EPA  
Please respond to morningenergy@politicopro.com

---

By Patrick Reis | 8/3/11 5:58 AM EDT

With help from Darren Goode, Darius “T.B.O.T.O.” Dixon, Robin Bravender, Darren Samuelsohn and Talia Buford

**THE BIG PIVOT** — With the threat of debt default diverted, Obama and congressional Democrats are hoping to pull off a minor miracle: pushing through a long-shot jobs agenda heavy on energy and infrastructure projects.

Harry Reid has asked Chuck Schumer and Patty Murray to put together a jobs agenda for the fall season, and top candidates for the package include an electric vehicle bill from Jeff Merkley and Lamar Alexander, as well as an extension of the Home Star residential energy efficiency program, the revival of an expired \$2.3 billion advanced manufacturing tax credit first authorized in the economic stimulus law and the renewal of Section 1603 Treasury grants for renewable energy projects set to expire at the end of the year.

In making their push, Democrats want to shift focus to their efforts to create jobs, moving away from the GOP’s preferred narrative of the EPA and other federal regulators adding to the nation's unemployment lines. Goode and Samuelsohn have the details for Pros: <http://politico.pro/odP8Ze>

**IN A POLICY GALAXY FAR FAR AWAY** - Republicans have no plans to sleep through the fall either, and indeed have already begun making their move. Sen. John Barrasso (R-Wyo.) continued his push against EPA regulations, handing out talking points during a GOP policy lunch Tuesday highlighting rules the administration "has quietly moved forward" on or delayed rather than canceled in July while most were focused on the debt talks.

Headlined "31 Days," Barrasso's document includes the EPA's now-renamed air transport rule and delayed final rules covering smog and air toxics emitted by industrial boilers and electric utilities as examples of regulations "making it harder for the private sector to create new jobs."

**HAPPY WEDNESDAY** and welcome to Morning Energy, where an endless stream of back-to-school ads has your host wondering if he should pick up a new set of crayons for when Congress comes back in September. Send him tips on where he can refill his Etch A Sketch — as well as Thursday’s best energy news — at [preis@politico.com](mailto:preis@politico.com).

**LOCKING HORNS** - The battle is on between the nation’s top offshore drilling enforcer and one of the top energy research firms. BOEMRE Director Michael Bromwich is calling a recent report on the state of Gulf of Mexico drilling “fundamentally flawed.”

The July 21 report from IHS/Cambridge Energy Research Associates said BOEMRE is slowing the nation’s economy by blocking access to oil and gas reserves, but Bromwich — in a letter to firm chairman Daniel Yergin — said the report “makes a number of inaccurate and misleading claims about the offshore drilling plan review and permitting processes.” Bromwich’s letter: <http://politico.pro/o05REX>

**A NOT-SO-CLASSIC WHODUNIT** — An aide to Sen. Lisa Murkowski has admitted in a plea agreement to breaking federal commercial fishing laws and resigned from his job.

Arne Fuglvog, a fisheries aide to Murkowski since 2006, resigned on Sunday, a day before his single misdemeanor count of falsifying fishing records became public, The Anchorage Daily News reported Tuesday. Court records reveal that Fuglvog signed the plea deal in April, though Murkowski has declined to say when she found out about his legal issues. POLITICO’s Scott Wong has the story: <http://politi.co/rv0HAS>

**SOMETHING WICKED THIS WAY COMES** — K Street is putting its clients on notice: You are not safe from the supercommittee. As the next phase of the debt ceiling debate approaches, lobby shops are warning that a broader-than-expected range of industry perks could be at risk when the 12-member supercommittee gets down to business.

“While people are relieved the debt ceiling crisis is over, they see these dark clouds on the horizon that this is not the end,” said David Thomas of Mehlman Vogel Castagnetti. “You would be foolish to not be actively lobbying and defending priorities over the next four months.” POLITICO’s Anna Palmer has the story for Pros: <http://politico.pro/pfxqlg>

**SALMON AND DAMS** — A federal judge Tuesday ruled the Obama administration has not gone far enough in its plan to protect endangered Pacific Northwest salmon from hydroelectric dams, The Associated Press reports. U.S. District Judge James Redden said that he thinks the federal government can meet the Endangered Species Act’s protection standards solely by improving salmon habitat around the dams and that the feds should consider removing some dams.

Redden’s ruling leaves the existing plan in place until 2013, but that was not enough to stem the frustration of House Natural Resources Committee chief Doc Hastings (R-Wash.), who said only Congress has the authority to remove dams and it would be foolish to do so because of the effects on the region’s power supply. The story: <http://bit.ly/onWVUX>

**\*\* A message from America’s Natural Gas Alliance: Penn State University finds that the state's natural gas resources could bring a \$20 million boost to the economy and more than 250,000 jobs, if the safe and responsible development of that resource continues.**  
<http://bit.ly/r781cD> \*\*

**JACKSON ON THE MOVE** — EPA chief Lisa Jackson is headed to Pennsylvania this morning to meet with local farmers, a trip the agency is calling part of its effort to build ties with rural communities to promote a healthy environment. Things have not always been

smooth between Jackson’s EPA and the agriculture industry, as industry groups have criticized her agency for regulations on water and air pollution that they see as overly burdensome. The visit kicks off at 9:15 a.m.

**EAGLES AND TURBINES** — At least six golden eagles have died at the Los Angeles Department of Water and Power's Pine Tree Wind Project, triggering an investigation from U.S. Fish and Wildlife Service officials. If the agency opts for prosecution of the company under the Migratory Bird Treaty Act or Bald and Golden Eagle Protection Act, it could deal a major blow to the industry, the L.A. Times reports: <http://lat.ms/qPRafH>

**THE SAINT, FEATURING VAL KILMER AND ELISABETH SHUE** — The American Security Project is scheduled to talk about how nuclear fusion can be a potential growth market for the U.S. that shouldn’t ceded to the likes of China and South Korea. Cracking the nut that is nuclear fusion would unlock a source of nearly limitless electric power but as it turns out, it’s much easier to bust up an atom like we do in commercial reactors, than it is to glue even the smallest ones together — an effort that several countries have poured billions into over the decades.

Two generals and the directors of fusion labs at Lawrence Livermore and Princeton are on the guest list, and Reps. Judy Biggert and Rush Holt — Carleton College graduate and Congress’s resident physicist — are scheduled to give keynote speeches. The event is scheduled for noon in B-339 Rayburn. Details: <http://bit.ly/nUCTVz>

**STILL HOPING** — Now that the debt default threat has passed, American Petroleum Institute officials are hoping White House chief of staff Bill Daley will have time to meet with them to discuss their concerns about the EPA's pending ozone standard, API's Khary Cauthen told POLITICO. The oil and gas group put in a request to meet with Daley a while back, but hasn't yet scored a sit-down.

**BOWLING ALONE** — The Senate Energy and Natural Resource’s public lands and forests panel is pushing on with its planned hearing today despite lawmakers’ widespread Washington exodus. Subcommittee chairman Ron Wyden will be on hand to hear testimony on five public lands bills, but it remains unclear whether any Democrats will join him. And the other side of the dais may be empty as well, a GOP source tells ME. The Ron Wyden Show screens in 366 Dirksen at 2:30 p.m.

**GOLDEN PARACHUTES** — While some Enron executives were given prison time after the company’s corruption scandal and collapse, its directors largely remain in positions of high prestige, high payouts or both, The New York Times reports: <http://nyti.ms/nkM2vY>

**FOUL PIPE** — Environmental groups are pouncing on oil pipelines’ failures to make their case against the Keystone XL pipeline and other methods for transporting oil sands, claiming the sands-derived crude causes more corrosion in pipelines. But scientists and regulators say there is little evidence thus far to back that claim, Reuters reports: <http://reut.rs/qAaoF3>

**NAME IN LIGHTS** — The Catskill Citizens for Clean Energy want to make sure people don't forget about Dimock, Pa., the town where 8,000 gallons of fracking fluid escaped. The group will unveil a billboard they recently had erected near the South Montrose Post Office, a few miles from Dimock during a press conference today at 1 p.m. The group raised roughly \$3,000 in donations — enough to pay for the billboard for at least six months, said Bruce Ferguson, a member of the group. More: <http://bit.ly/qwVHGy>

#### **THE DAY’S AGENDA**

7:30 a.m. — The U.S. Geological Survey, the Army Corps of Engineers and the University of Florida continue their National Conference on Ecosystem Restoration at the Baltimore Marriott Waterfront Hotel in Baltimore. Details: <http://bit.ly/mZ7xqf>

9 a.m. — The Bipartisan Policy Center hosts a forum on nuclear technology and regulation in the wake of the Fukushima disaster. The group announced a nuclear initiative Tuesday led by former Senate Energy chairman Pete Domenici. Today’s event features NRC Commissioner George Apostolakis, Exelon Generation COO Chip Pardee and others. 1225 I St. NW.

10 a.m. — The Senate Energy and Natural Resources Committee hosts the awards for the “L Prize,” an Energy Department initiative to develop more efficient light bulbs. Jeff Bingaman and Lisa Murkowski, as well as ARPA-E Director Arun Majumdar, are slated to attend. 366 Dirksen.

Noon — The Women’s Council on Energy and the Environment hosts a forum on the International Atomic Energy Agency's nuclear fuel bank. 1747 Pennsylvania Ave. NW.

2 p.m. — Former Sen. Blanche Lincoln headlines a National Federation of Independent Business event announcing a new project intended to push back on federal regulations that they say are slowing the economic recovery. The “Small Businesses for Sensible Regulations” kickoff is at 1201 F St. NW, Suite 200.

#### **NOT ON TODAY’S AGENDA**

-- House Ways and Means has postponed its hearing on energy tax policy, putting off a potentially testy intra-Republican squabble over the NAT GAS Act to subsidize natural gas vehicles.

-- A Senate Environment and Public Works panel has postponed a hearing on post-uranium mining cleanup and restoration that was scheduled to go on this afternoon.

**THAT’S ALL FOR ME**, but first, a bit of housekeeping. Tuesday’s item on Energy In Depth’s duel with Olivia Newton-John including a nonworking link to the group’s post. Here is an accurate link: <http://bit.ly/oK1xGb>. Your host really, deeply apologizes to anyone accidentally sent here: <http://bit.ly/mPgGoI>.

\*\* A message from America’s Natural Gas Alliance: One solution for more abundant domestic energy is staring us in the face. Natural gas is the natural choice — now and in the future. We know we need to use cleaner, American energy. And, we have it. Today, the U.S. has more natural gas than Saudi Arabia has oil, giving us generations of this clean, domestic energy source. Natural gas supports 2.8 million American jobs, most states are now home to more than 10,000 natural gas jobs. As Congress and the Administration look for ways toward a cleaner tomorrow, the answer is right here: natural gas. Learn more at [www.anga.us](http://www.anga.us). And, follow us on Twitter @angaus. \*\*

#### **Stories from POLITICO Pro**

Get ready for Dems to talk about energy, jobs

K Street shops take aim at supercommittee

### **Get ready for Dems to talk about energy, jobs back**

By Darren Goode and Darren Samuelsohn | 8/3/11 5:36 AM EDT

Now that the landmark debt deal is law, the White House and Democratic leaders are pivoting back to a long-shot jobs agenda heavy on energy and infrastructure projects.

The Democrats' fall strategy sets up another classic battle with Republicans who plan to keep punching away at the EPA and other federal regulators for adding to the nation's unemployment lines.

Seemingly unfazed by the partisan rancor that's enveloped Congress, Senate Majority Leader Harry Reid on Tuesday outlined a fall work plan that includes reauthorization of a surface transportation bill and a "clean energy jobs" package.

President Barack Obama pushed a jobs agenda as well. "Growing the economy isn't just about cutting spending; it's not about rolling back regulations that protect our air and our water and keep our people safe," he said in the Rose Garden on Tuesday, nudging lawmakers to return in September and "immediately take some steps — bipartisan, common-sense steps" to create jobs.

Reid has top lieutenants Chuck Schumer of New York and Patty Murray of Washington taking the lead on putting together a fall jobs agenda.

Aides have said that top candidates for the fall package include an electric vehicle bill from Sens. Jeff Merkley (D-Ore.) and Lamar Alexander (R-Tenn.); extending the Home Star residential energy efficiency program, as well as an expired \$2.3 billion advanced manufacturing tax credit first authorized in the economic stimulus law, and Section 1603 Treasury grants for renewable energy projects set to expire at the end of the year.

Also primed for action is a Senate Energy and Natural Resources Committee proposal that would establish a Clean Energy Deployment Administration to finance energy projects and several others bills approved by the panel.

Democrats also have their eyes on some products emerging from the Senate Environment and Public Works Committee, where Chairwoman Barbara Boxer is planning to move legislation by mid-September that could send tens of billions of dollars toward Gulf Coast restoration efforts. The money would come from BP's Clean Water Act fines connected to last year's Gulf of Mexico oil spill.

Boxer is also working with Sen. Jim Inhofe (R-Okla.) and Finance Committee Chairman Max Baucus (D-Mont.) on a two-year, \$109 billion reauthorization bill for highways and other major transportation projects.

The current highway bill expires Sept. 30, forcing lawmakers to either pass another stop-gap measure or take a swing at a longer overhaul.

Reid told reporters on Tuesday that one hurdle may be cleared now that Baucus has found \$12 billion in revenue that will help deal with a shortfall because of diminishing gas tax revenue.

"He's found a source of money to complete the highway bill," Reid said.

A Finance Committee aide said only that Baucus is "working on offset options and determining which can get the support needed to move forward with the highway bill which will make crucial investments in our economy and create jobs here at home."

Environmental and labor groups and industry are pulling especially hard for passage of a long-term highway bill. Thomas Gibson, president and CEO of the American Iron and Steel Institute, said the Boxer bill could help a construction industry still reeling from more than 20 percent unemployment.

"It's a big deal," Gibson said. "Getting the economy moving requires getting the construction service industry moving."

Democrats are also eyeing another high-profile proposal that would establish a new infrastructure bank. The bill co-authored by Sens. John Kerry (D-Mass.), Mark Warner (D-Va.) and Kay Bailey Hutchison (R-Texas) has support of labor groups and the U.S. Chamber of Commerce. It would use \$10 billion in federal seed money to eventually spur \$640 billion in private investments on roads, energy and water projects.

"It doesn't cost money, it's self funding," Kerry said. "It creates jobs, it leverages enormous job creation. There's an initial upfront investment, but then the bank" pays for itself.

For all the talk of bipartisanship, many of the Democratic-driven measures could sink because of their price tags, especially considering lawmakers just agreed to a deal that would cut more than \$2 trillion from the deficit over the next decade.

Sen. Mike Lee (R-Utah), for example, said he has his doubts about Kerry's proposal for an infrastructure bank.

"Those are new federal programs that I have no appetite for," he said. "It's one thing to be dealing with scheduled or perhaps long overdue maintenance on an existing interstate highway infrastructure. It's quite another thing to be talking about setting up anything called an infrastructure bank as a new federal program with new federal money. That's going to be a lot tougher."

Senate Energy and Natural Resources Committee ranking member Lisa Murkowski said lawmakers have an uphill climb finding ideas that fit a tight budget environment.

"I think it is important to recognize there are things we can do within the energy sector that will not be a budget drain but can actually be a revenue enhancer," the Alaska Republican said. "I think we're going to be challenged to look for those."

Alexander said he is "very proud" of the electric vehicle bill he's been working on with Merkley and pledged to find offsets to pay for

the estimated \$3 billion price tag.

But Alexander is just as quick to criticize the rest of the Democratic jobs agenda.

“The president’s policies have thrown a big wet blanket over job creation in America and we intend to make things better,” he said, referring to Obama-led EPA rules dealing with greenhouse gases, mercury, smog and soot.

Sen. John Barrasso (R-Wyo.) continued his push against EPA regulations, handing out talking points during a GOP policy lunch Tuesday highlighting rules the administration "has quietly moved forward" or delayed rather than canceled in July while most were focused on the debt talks.

Headlined "31 Days," Barrasso's document includes EPA's now-renamed air transport rule and delayed final rules covering smog and air toxics emitted by industrial boilers and electric utilities as examples of regulations "making it harder for the private sector to create new jobs."

In the House, Energy and Commerce Committee Chairman Fred Upton (R-Mich.) said Monday that the GOP focus for the rest of this year would also center around rolling back cumbersome energy and environmental red tape.

“We’ve got 10 weeks. They want to focus on major regulations in the 10 weeks," he said. "And our committee will have a lion’s load of that, a lion’s share."[back](#)

### **K Street shops take aim at supercommittee [back](#)**

By Anna Palmer | 8/2/11 6:59 PM EDT

K Street wasted little time putting clients on notice about the next phase of the debt ceiling debate with a simple message: Nobody is safe from the super committee.

Lobby shops say a much-broader-than-expected range of budget cuts and tax provisions could be in play, especially compared with the relatively small group of industries that were afraid of getting a haircut during the earlier debt ceiling negotiations led by Vice President Joe Biden.

And although the defense and health care industries have the most to lose from the way the debt ceiling bill is set up, that doesn’t mean everyone else can sit on the sidelines, K Street warns.

“While people are relieved the debt ceiling crisis is over, they see these dark clouds on the horizon that this is not the end,” said Mehlman Vogel Castagnetti’s David Thomas. “You would be foolish to not be actively lobbying and defending priorities over the next four months.”

Several lobbyists said they expect companies and industry groups to put a full-court press on Capitol Hill engaging grass roots, advertising and old-fashioned, shoe-leather lobbying to try to minimize the severity of the cuts.

How much influence K Street can have on the process is still unclear.

One Democratic lobbyist quipped that he was “preparing by writing 12 really large checks” as the best offense for helping clients.

But while members of Congress, K Street and aides were largely kept in the dark about what was under discussion during the Biden debt negotiations, lobbyists are optimistic that this process will be more transparent, if only because it is nearly impossible to keep 12 lawmakers and their staffs from talking.

“Everybody and their mother is going to be involved in figuring out what they need to protect, what they need to compromise on and what they can let go,” Holland & Knight’s Rich Gold said.

There are two weeks before congressional leaders must name their choices to fill the 12-member slate, but lobbyists already are gaming out how to influence committee recommendations to the panel and how they can protect low-hanging fruit like carried interest and oil and gas tax subsidies and the ethanol tax credit.

The medical and defense industries, which have been active during the debt ceiling debate, are expected to lead the lobbying charge, in part because they have the most to lose. If Congress is unsuccessful in passing a bill before the Dec. 23 deadline, an across-the-board cut largely targeting Medicare and Pentagon spending would be enacted.

That provision is designed to give Republicans and Democrats strong incentive for passing a bill. It also means the health and defense sectors will be putting heavy pressure on both sides to get a deal done while other industries work to minimize damage in the bill, or even go so far as to lobby against it, favoring across-the-board cuts.

“Everyone is in overdrive to engage around a package because that looks much better than if there is no package,” one in-house health care lobbyist said. “It becomes a question if there is enough momentum on the Hill to get something done.”

And Gold said he believes there will be opportunities for offense as lawmakers are open to ideas where industry can save the government money.

“Winners and losers are not just the people who maintain status quo. Oddly, there are going to be big winners, and some things are likely to get funding increases,” Gold said.

Under the legislation, which President Barack Obama signed into law Tuesday, House and Senate leaders must bring a package that puts forth a plan exceeding \$1.2 trillion in savings that clears the Senate by Dec. 23, or across-the-board spending cuts would be triggered to make up the difference between the committee number and the \$1.2 trillion savings goal.

All that work lobbying the supercommittee package combined with other legislative initiatives that have been put off, including reauthorizing the Federal Aviation Administration, passing appropriations bills and funding the Interior Department, will keep lobbyists

busy throughout the fall into next year.

One Republican lobbyist, who leads a contract firm, said he thought there would be opportunities to pick up new clients this fall.

“People will want to protect whatever they want to protect,” the lobbyist said. “There’s potential to have the latter half of the year more robust.”

And after a dismal start with the first half, K Street could use a boom in business this fall to recover from plummeting lobbying revenue as industry faced limited opportunities to engage with Congress focused almost solely on the country’s fiscal crisis.

“This is probably going to be the busiest September to December in recent years,” said Patton Boggs’s Kevin O’Neill. “I could certainly see this coming down to the last days of the holiday season. ... It will go right down to the wire.[back](#)

=====  
Copyright© 2011 by POLITICO LLC. Reproduction or retransmission in any form, without written permission, is a violation of federal law. To subscribe to POLITICO Pro, please go to <https://www.politicopro.com>.  
=====

=====  
To change your alerts or unsubscribe:  
<https://www.politicopro.com/member/?webaction=viewAlerts>